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8	UNITED STATES DISTRICT COURT		
9	WESTERN DISTRICT OF WASHINGTON		
10	LHHMW TRUST,	CASE NO.:	
11	Plaintiff,	COMPLAINT FOR BREACH OF	
12	VS.	CONTRACT, BAD FAITH, VIOLATION OF THE INSURANCE FAIR CONDUCT ACT, AND NEGLIGENCE	
13	TRANSAMERICA LIFE INSURANCE	THE REGERGERCE	
14	COMPANY,		
15	Defendants.		
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18	INTRO	<u>DUCTION</u>	
19	1. Plaintiff LHHMW Trust ("Plaintiff"), brings this action for breach of contract,		
20	insurance bad faith, violation of the Insurance Fair Conduct Act ("IFCA"), and negligence. The		
21	causes of action relate to defendant Transamerica Life Insurance Company's ("Transamerica")		
22	wrongful denial of life insurance benefits under a policy it issued to Leland J. Anderson II, which		
23	listed Plaintiff as the beneficiary in the event of Leland's death.		
24	<u>JURISDICTION</u>		
25	2. This Court has subject matter jurisdiction over Plaintiff's claim pursuant to 28		
26	U.S.C. § 1332, as complete diversity of the parties exist and the amount at controversy is over		
27	\$75,000.		
28	PARTIES AND VENUE		
	COMPLAINT	Kantor & Kantor, LLP	

- 3. Defendant Transmerica is a corporation with its principal place of business in the State of Idaho, incorporated in Idaho, and is authorized to transact and is transacting business in the Western District of Washington.
- 4. Plaintiff is a trust that was made and executed by Leland in the State of Washington. Specifically, Leland signed the trust in the Western District of Washington.
- 5. Venue lies in the Western District of Washington, because the policy was taken out in this District and the breaches alleged occurred in this District. Under 28 U.S.C. § 1391(a), a substantial part of the events or omissions giving rise to Plaintiff's claims occurred within this District.
- 6. As required by Washington law, Plaintiff provided notice to Transamerica and to Washington State Insurance Commissioner of its intent to bring a claim under the Insurance Fair Conduct Act, and more than 20 days have passed since the notice was filed. A true and correct copy of that communication is attached as Exhibit A.

FACTS

- 7. In 1989, Leland J. Anderson II purchased \$1,000,000 in life insurance coverage through Transamerica Occidental Life Insurance Company, now known as Transamerica. He was issued policy number 92254522 ("policy") on January 19, 1989. At the time, and at all times thereafter, Leland was a resident of the State of Washington. He named Plaintiff as the sole primary beneficiary of the life insurance policy. After naming Plaintiff as the sole primary beneficiary of the policy, Leland never changed the designation of Plaintiff as the sole primary beneficiary of the policy and Plaintiff was the beneficiary of the policy on the day Leland died.
- 8. The premiums due to maintain the policy were paid annually. Each annual premium payment maintained the policy in full force and effect for a year.
- 9. All premiums due to maintain the policy in full force and effect were paid prior to Leland's death.
- 10. The final annual premium payment under the policy prior to Leland's death was made via a cashier's check dated February 18, 2021.
 - 11. Leland died on September 12, 2021.

- 12. Following Leland's death, Plaintiff made a claim for policy benefits. Prior to Transamerica issuing a decision on the claim, Transamerica confirmed to Plaintiff's trustee that the policy was in force.
- 13. Despite all annual premiums having been made, following Leland's death,

 Transamerica refused to pay the policy benefits to Plaintiff. Transamerica claimed the policy had
 lapsed on June 19, 2021 due to a lack of premium payments necessary to keep it in force.
- 14. After being informed by Transamerica that the policy had lapsed prior to Leland's death, Plaintiff requested a copy of all phone recordings that had taken place over the prior 12 months, a copy of all previous cashiers checks provided to Transamerica, a copy of all correspondence over the prior 12 months, and a statement about where the premium payment made via the cashier's check dated February 18, 2021 had been applied. Transamerica failed to provide this information.
- 15. Under the life insurance policy, Transamerica was required to distribute benefit proceeds to Plaintiff upon the covered death of Leland if the life insurance policy was in effect as of that date. Leland passed away on September 12, 2021. Via the yearly premium payment made with the February 18, 2021 cashier's check, the life insurance policy was in effect as of September 12, 2021. Leland's death was a covered event under the life insurance policy.
- 16. Despite notice from Plaintiff of Leland's death, Transamerica has refused and failed to distribute benefit proceeds to Plaintiff upon the death of Leland under the life insurance policy. Plaintiff has performed all duties and obligations on Plaintiff's part to be performed under the life insurance policy.

FIRST CAUSE OF ACTION FOR BREACH OF CONTRACT

- 17. Plaintiff incorporates Paragraphs 1 through 16 as though fully set forth herein.
- 18. Transamerica was at all times required to comply with Washington law.
- 19. Leland's death was a covered event under the life insurance policy.
- 20. At the time of Leland's death, Plaintiff was the sole named beneficiary of the life insurance policy and entitled to the death benefit.
 - 21. Plaintiff made a valid claim for benefits under the life insurance policy.

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Transamerica denied Plaintiff's claim in breach of the life insurance policy.

22. As a direct and proximate result of Transamerica's breach of the life insurance policy, Plaintiff has been damaged in an amount to be proven at trial, but not less than the \$1,000,000 in life insurance benefits due under the policy.

SECOND CAUSE OF ACTION FOR BAD FAITH

- 23. Plaintiff incorporates Paragraphs 1 through 22 as though fully set forth herein.
- 24. Transamerica owed to Plaintiff an affirmative duty to act in good faith, which included, at a minimum, the duties to (a) promptly distribute benefit proceeds to Plaintiff upon the death of Leland; (b) correctly represent pertinent facts and insurance policy provisions; and (c) accurately following the law regarding policy lapses.
- 25. Transamerica breached the aforementioned duties by unreasonably denying benefits owed to Plaintiff upon the death of Leland; and failing to conduct a reasonable investigation into the circumstances surrounding Plaintiff's claim for benefits.
- 26. As a direct and proximate result of Transamerica's bad faith, Plaintiff has suffered financial and emotional distress.
- 27. As a direct and proximate result of Transamerica's bad faith, Plaintiff has been damaged in an amount to be proven at trial.

THIRD CAUSE OF ACTION FOR VIOLATION OF THE INSURANCE FAIR CONDUCT

<u>ACT</u>

- 28. Plaintiff incorporates Paragraphs 1 through 27 as though fully set forth herein.
- 29. Transamerica's multiple breaches of its duty of good faith, as alleged above, violated WAC 284-30-300 et seq; RCW 48.30.010; and RCW 48.30.015 and constitute violations of the IFCA.
- 30. Transamerica unreasonably denied Plaintiff's claim for payment of benefits within the meaning of RCW 48.30.015(1).
- 31. In addition to unreasonably denying Plaintiff's claim for payment of benefits in this case, Transamerica has violated the following provisions of the Washington Administrative Code:
 - By claiming the Policy had lapsed, Transamerica misrepresented pertinent facts or

1	in	surance policy provisions in violation of WAC 284-30-330(1);	
2	• T1	ransamerica failed to acknowledge and act reasonably promptly to	
3	co	ommunications with respect to the claim for benefits under the Policy in violation	
4	of	FWAC 284-30-330(2);	
5	• Ti	ransamerica failed to adopt and implement reasonable standards for the prompt	
6	in	vestigation of claims in violation of WAC 284-30-330(3);	
7	• T1	ransamerica refused to pay this claim without conducting a reasonable	
8	in	vestigation in violation of WAC 284-30-330(4);	
9	• T1	ransamerica failed to affirm or deny coverage within a reasonable time after proof	
10	of	floss documentation was submitted in violation of WAC 284-30-330(5);	
11	• T1	ransamerica did not attempt in good faith to effectuate prompt, fair and equitable	
12	se	ettlement of Plaintiff's claim, for which liability was reasonably clear, in violation	
13	of	FWAC 284-30-330(6);	
14	• T1	ransamerica failed to promptly provide a reasonable explanation of the basis in	
15	th	e Policy in relation to the facts or applicable law for a denial of the claim in	
16	vi	olation of WAC 284-30-330(13).	
17	32. A	s a direct and proximate result of Transamerica's actions, Plaintiff has suffered	
18	emotional distres	SS.	
19	33. P1	aintiff has suffered actual damages as a direct and proximate result of	
20	Transamerica's violations of the IFCA, in an amount to be proven at trial.		
21	34. P1	aintiff's actual damages should be trebled under RCW 48.30.015.	
22	FOURTH CAUSE OF ACTION FOR NEGLIGENCE		
23	35. P1	aintiff incorporates Paragraphs 1 through 34 as though fully set forth herein.	
24	36. Ti	ransamerica had a duty to use ordinary care, including a duty to comply with	
25	WAC 284-30-300 et seq; RCW 48.30.010; and RCW 48.30.015, in its course of conduct relating		
26	the life insurance policy and Plaintiff's claim, as explained in RCW 5.40.050.		
27	37. R	ather than comply with its duty of care, Transamerica violated WAC 284-30-300	
28	et seq; RCW 48.30.010; and RCW 48.30.015 as set forth above.		

1	38.	Transamerica's violation of these st	tatutory and regulatory provisions and failure to	
2	use ordinary	rdinary care constitute negligence by Transamerica.		
3	39.	As a direct and proximate result of	Transamerica's negligence, Plaintiff has been	
4	damaged in	an amount to be proven at trial.		
5		PRAYER FO	OR RELIEF	
6	WHE	EREFORE, Plaintiff prays for judgment against Transamerica as follows:		
7	A.	All damages proximately caused by	Transamerica's breach of contract, including	
8		life insurance policy benefits owed	of \$1,000,000;	
9	В.	All damages proximately caused by	Transamerica's bad faith, violation of the	
10		IFCA, and negligence;		
11	C.	Trebling of Plaintiff's actual damag	ges under the IFCA;	
12	D.	Award Plaintiff reasonable attorney	ys' fees and actual and statutory costs of suit	
13		incurred herein, including expert w	itness fees;	
14	E.	Pre and post-judgmetn interest at the	ne maximum legal rate, and;	
15	F.	Provide such other relief as the Cou	art deems equitable and just.	
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17	DATED: Fe	ebruary 16, 2023	KANTOR & KANTOR, LLP	
18		By:	<u>/s/ Stacy Tucker</u> Stacy Tucker	
19			Attorneys for Plaintiff Rowena Constantino-Miller	
20			KANTOR & KANTOR, LLP 19839 Nordhoff Street	
21			Northridge, CA 91324 E-mail: @kantorlaw.net	
22			Telephone: (818) 886-2525 Facsimile: (818) 350-6272	
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EXHIBIT A

19839 NORDHOFF STREET NORTHRIDGE CA 91324 TEL (818) 886-2525 FAX (818) 350-6272

September 12, 2022

Via Certified Mail, Return Receipt Requested

Transamerica Life Insurance Company 4333 Edgewood Rd. NE Cedar Rapids, IA 52499

Office of the Insurance Commissioner Insurance Fair Conduct Act Claim Notification Office Support Unit P.O. Box 40255 Olympia, WA 98504

> RE: **IFCA Notice to Sue and Request For Documents**

> > Your Insured: Dr. Leland J. Anderson II/beneficiary LHHMW Trust

Policy No.: 92254522

To the Transamerica Life Insurance Company ("Transamerica"):

We represent the LHHMW Trust, the beneficiary of the life policy you issued to your insured, Leland J. Anderson II. As you are aware, Dr. Anderson passed away on September 12, 2021.

We are informed and believe that Dr. Anderson had at least one policy with Transamerica that lists LHHMW Trust as the beneficiary. We require that copies of any policy issued to Dr. Anderson by Tranamerica listing LHHMW Trust be provided to us by October 12, 2022. We also request a copy of your file for any policies issued to Dr. Anderson, including policy NO. 92254522 ("the policy"). Without limiting the scope of this request, this includes all communications regarding the potential lapse of the policy and all evidence of Transamerica's receipt of premium payments—regardless of what Transamerica did with those premium payments. Please also include any recordings of conversations related to the policy or the policy's beneficiaries.

The premiums for the policy were paid on an annual basis. Via a cashier's check dated February 18, 2021, the final annual premium payment prior to Dr. Anderson's death was made. A copy of the cashier's check is attached. This payment would have kept the policy in force through at least the start of 2022.

It is our understanding that Transamerica claims the policy lapsed for non-payment of premiums on June 19, 2021. Considering Transamerica had received the above annual premium payment, this cannot have happened. The annual premium was made months prior. Further, based on the letter dated July 19, 2021—the single letter Transamerica produced to the LHHMW Trust following Dr. Anderson's death, Transamerica did not

Transamerica September 12, 2022 Page 2

follow the law regarding notification of a potential lapse for non-payment of premiums (even though, here, the premium payment was made).

My client is prepared to file suit in this matter for breach of contract, insurance bad faith, and violations of the Insurance Fair Conduct Act after the statutory 20 day waiting period if you do not reverse your denial and pay the claim in full under all policies for which the LHHMW Trust is a beneficiary. If your tortious conduct in administering this claim causes the LHHMW Trust to incur attorneys' fees or other damages in protecting its rights it will seek those damages from Transamerica.

Again, please provide by October 12, 2022 copies of the insurance policies you issued to Dr. Anderson that list my client as a beneficiary, along with any claim files and recordings related to the policy. You can provide them through mail at the address listed above, and/or via email to bbrehm@kantorlaw.net.

Because Kantor and Kantor represents the LHHMW Trust, any payments made by Transamerica in favor of the LHHMW Trust must be sent to my office. All future communication regarding the policy must come to my office. I look forward to your prompt response to this request.

Very truly yours,

Brent Dorian Brehm, Esq.

BB/hk

Case 3:23-cv-05129-TMC Document 1 Filed 02/16/23 Page 10 of 10 SERIAL #: 0324203002

0003242 Office AU #

Remitter:

Purchaser:

1210(8)

WILLIAM ANDERSON

WILLIAM ANDERSON

Purchaser Account: u638916 Operator I.D.: Paper Item(s) Funding Source:

....6033

PAY TO THE ORDER OF ***TRANSAMERICA***

ACCOUNT#: 4861-512911

February 18, 2021

**Twenty Thousand Four Hundred Seventy-Five and 99/100 -US Dollars

\$20.475.99**

Payee Address:

6099 S STATE ST

MURRAY, UT 84107

Memo:

POLICY NO 92254522

NOTICE TO PURCHASER-IF THIS INSTRUMENT IS LOST STOLEN OR DESTROYED, YOU MAY REQUEST CANCELLATION AND REISSUANCE. AS A CONDITION TO CANCELLATION AND REISSUANCE, WELLS FARGO & COMPANY MAY IMPOSE A FEE AND REQUIRE AN INDEMNITY AGREEMENT AND BOND.

VOID IF OVER US \$ 20,475.99 **NON-NEGOTIABLE**

Purchaser Copy

FB004 (10/19) M4263 90275272

WELLS FARGO BANK, N.A.

FOR INQUIRIES CALL (480) 394-3122

PRINTED ON LINEMARK PAPER - HOLD TO LIGHT TO VIEW. FOR ADDITIONAL SECURITY FEATURES SEE BACK CASHIER'S CHECK 0003242 11-24 0324203002 Office AU # 1210(8) WILLIAM ANDERSON Remitter Operator LD., February 18, 2021 PAY TO THE ORDER OF ***TRANSAMERICA **\$20,475.99** Thousand Four Hundred Seventy-Five and 99/1004US/Dollars " VOID IF OVER US \$ 20,475.99 POLICY NO 92254522 WELLS FARGO BANK, N.A. Mingrae, ut 64107 For Dujuniers Cala (466):294/342

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